



THE CITY OF SPRINGFIELD, MASSACHUSETTS

MAYOR DOMENIC J. SARNO

HOME OF THE BASKETBALL HALL OF FAME

To the City of Springfield and Springfield City Council:

Today, we respectfully submit to you the Fiscal Year 2014 budget recommendation, which totals \$571.8 million. This is a “hold the line” budget that preserves core services and maintains the levels of service our residents expect. The result is a spending plan that meets the needs of our community without compromising our financial future.

When this year’s budget development began, we were faced with a projected deficit of nearly \$22 million and entered our sixth year of major budget cuts. Once again, reaching our levy ceiling and meager growth in State Aid have prevented us from making investments in critical City services. As we began our budget discussions, a number of painful decisions seemed inevitable.

This budget request represents the hard work of City staff that helped establish a balanced budget, implemented investments in City priorities, and did so without reducing any staff. Fiscal Year 2014’s bottom-line budget represents a 1.6% increase from the FY 2013 revised budget, and funds 1,241.2 City-side general fund employees. This staffing level is well below our FY 2008 FTE level of 1,581, yet we have been able to maintain critical services while realizing a 21.5% reduction in staff.

The challenge of balancing the FY2014 budget, while avoiding lay-offs, was met by using a three-pronged approach: expenditure cuts, revenue increases, and strategic use of reserve funds. First, we reduced expenses; City departments analyzed the details of their budgets, assessed their programs, and were able to find substantial savings by identifying efficiencies and personnel savings. A number of current vacancies were eliminated rather than back-filled, facility leases are being renegotiated or eliminated, and where appropriate some current general fund costs are being offset onto grants. In addition, the School Department has been a great partner in identifying and funding services that we mutually agree on as necessary for the education and safety of our children.

Second, the Assessor's Office has worked tirelessly to identify additional tax levy, which could bring a potential boost to local revenue. The City's revenue stream is greatly influenced the overall economic conditions and the housing market. For the first time since the "great recession" began we are seeing a moderate increase in State Aid as well as what could be a once-in-a-lifetime, game-changing economic development project. We were able to negotiate a \$1 million "signing bonus" that will be paid out to the City. In addition to the initial signing bonus, an upfront payment of \$4 million will be made for this fiscal year should Springfield be selected as the location for the Western Massachusetts casino.

Third, this budget includes the use of \$7 million in reserves and \$4 million looking to have declared surplus in the Overlay Account. The City Council has adopted financial ordinances establishing clear guidelines on the use of reserves to supplement our general fund, and it is important to remember that a large portion of these reserves exist to address immediate and difficult fiscal times like these.

For the first time in three years, we are seeing a modest increase in the City's assessed valuation, and home prices are ticking upward which can help to address the City's structural deficit. There also is the potential to see over \$800 million in economic benefits through casino spin-off businesses: hotels, restaurants, entertainment, etc., which could contribute to the City's assessed value and provide substantial fiscal benefits in the near future. The FY 2014 budget employs conservative growth assumptions, but reflects a cautiously optimistic point-of-view. While we have had to make a number of difficult decisions about expenditure cuts, we have been able to make a number of exciting investments as well.

The FY 2014 budget provides the financial resources necessary to foster a vibrant and diversified economic base and create and retain quality jobs. Funding has been allocated to a number of economic development initiatives and projects. Two of the City's major initiatives are the renovation of Union Station, which is now underway, and the re-paving of the Boston Road corridor from Pasco Road to the Wilbraham town line, which will commence in FY 2014. We are in the process of rebuilding both Brookings and Dryden Schools, which were heavily damaged by the June 1st tornado. We are also developing funding strategies that will allow the City to construct a new senior center in Blunt Park, improve safety and security in all our schools, and move forward with the Environmental Center for Our Schools (ECOS) project.

Public safety also is a vital component to quality-of-life in Springfield. This budget strives to underscore the city's ongoing commitment to the most important responsibility of any local government. This budget fully funds a police-recruit class of twenty-two (22), and will continue to emphasize our community-based policing approach with the highly successful C-3 model, Operation BADGE, and the Ordinance/Flex Squad. Each of which proactively addresses neighborhood concerns while establishing vital relationships with community leaders. We are supporting a number of one-time requests by both the Police and Fire departments for computer and technology upgrades. This budget also includes funding that will allow the Fire Department to fill eight (8) vacant firefighter positions, which are critical since we are projecting a number of retirements in the coming years.

Education is another key City priority. State Aid, known as Chapter 70, is transferred directly to the School Department. However, the City supports additional education expenses for non-net school spending for items like transportation and adult education. Realizing the impact this has on municipal operations, the Superintendent and School Committee have partnered with the City to successfully implement cost-saving strategies such as the consolidation of services, positions and processes, which will help to reduce the City's structural deficit.

In FY 2014, City departments will be able to provide the following services:

- Libraries - Two (2) City library branches (Liberty Street and Pine Point) will be re-purposed to host neighborhood programs like adult literacy and a drop-by center for seniors;
- Libraries - All remaining libraries will increase their operations to 30 hours per week, and will continue to offer traditional youth activities that offer homework assistance and reading programs;
- Parks and Recreation - City Parks will resume mowing and maintenance in ten (10) parks not funded in FY 2013;
- Parks and Recreation - All pools and splash pads will remain open during the summer months, and summer recreation programs remain active, including fully-staffed golf courses;
- Parks and Recreation - Terraces will be maintained across the City using the most cost effective labor available;
- Department of Public Works - Will continue to provide free single-stream recycling and yard waste pickup;
- Department of Public Works - Will continue to provide low-cost bulk pickup and free hazardous waste drop-off dates;
- 9-1-1 Dispatch Center - Will have a fully developed back-up for the primary dispatch center located on Pearl Street;
- Fire Department - Will begin to replace obsolete and poor-functioning turnout gear, and maintain training programs to ensure firefighter safety;
- The Department of Planning and Economic Development is fully-staffed, and will continue all development and recovery activities that will move the City forward;

Our back office functions will continue to serve all departments as necessary to ensure they provide high-quality services to our residents:

- Assessors – Will utilize a residential appraiser and a contract with a commercial/industrial appraiser to maximize values in all areas;
- Treasurer – Will continue Tax Title and Collection Services to maximize the City's revenue collections;
- Elections – Has been reorganized to more efficiently service residents and meet government mandates;
- City Council –The installation of more cameras will televise meetings not currently broad-

cast. These cameras are grant-funded and will allow residents to view more public meetings, making the City more transparent and accountable;

- Information Technology – Install a high-speed, fiber optic, data infrastructure.
- School Department – The City will continue to maximize relationships with the School Department to seek out cost-sharing opportunities.

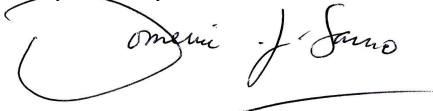
This budget assumes short-run economic conditions will not weaken, and accounts for marginal increases to economic activity during this period. The FY 2014 budget conforms to national expectations of a gradual recovery and makes key investments, while maintaining fiscal prudence. In order to manage the structural budget deficit, this budget resists embracing additional and ongoing commitments beyond those identified in our current spending forecast and struggles to maintain critical services. If the negotiated Host Community Agreement related to a world class resort casino development does not come to fruition, it will be tremendously difficult to maintain the current level of services contemplated in this budget and in FY 2015.

As Mayor, I will continue to work tirelessly to ensure that our City receives its fair share of resources, and that these resources are utilized in the most efficient and effective manner possible. I am proud of the efforts of my entire team: Cabinet Heads, Department Heads, and City Staff that work hard for Springfield every day. I am also proud that for the fifth consecutive year, the City has received the Government Finance Officers Association's (GFOA) "Distinguished Budget Presentation Award;" I attribute the receipt of this award to having a strong team of financial professionals.

We ask that these FY 2014 budget recommendations be reviewed by the Committee of the Whole, so that the entire body can hear from our departments in a manner that is both timely and efficient.

Thank you for your consideration of these recommendations and we look forward to your input as we finalize the budget for the start of Fiscal Year 2014.

Respectfully,

A handwritten signature in blue ink that reads "Domenic J. Sarno". The signature is written in a cursive style with a large, looping initial "D".

Domenic J. Sarno
Mayor

A handwritten signature in blue ink that reads "Timothy J. Plante". The signature is written in a cursive style with a large, looping initial "T".

Timothy J. Plante
Chief Administrative & Financial Officer